



DEPARTMENT OF THE NAVY

NAVAL SEA SYSTEMS COMMAND
1333 ISAAC HULL AVE SE
WASHINGTON NAVY YARD DC 20376-0001

IN REPLY REFER TO

JUL 31 2009

CJ&A Number: 53,140

Code: 02533

N00024-09-NR-43327

CLASS JUSTIFICATION AND APPROVAL
FOR USE OF OTHER THAN FULL AND OPEN COMPETITION

JUSTIFICATION

1. Contracting Activity

Naval Sea Systems Command Surface Systems Contracts Division (SEA 025).

2. Description of the Action being Approved

Award of a class of contracts on a sole source basis for the FY09 – FY11 STANDARD Missile-6 (SM-6) Low Rate Initial Production (LRIP) requirements to Raytheon Missile Systems (RMS) of Tucson, AZ without providing for full and open competition. Authority to act under this CJ&A expires 30 September 2011.

3. Description of Supplies /Services

The planned class of contracts will provide for the FY09, FY10, & FY11 requirements of the SM-6 Block I Program. These requirements consist of SM-6 Block I missiles, SM-6 Block I spare sections, instrumentation kits/installation kits, production spares, shipping containers and Design Agent level-of-effort (LOE). Options for FY10 and FY11 SM-6 Block I missiles, spare sections, instrumentation kits/installation kits, production spares, shipping containers, Design Agent LOE, replenishment spares (as required), production test equipment (as required) and transition to production (TTP) requirements (as required) will be included as part of the contract. The Contract will also contain options for long lead material for FY10 and FY11. The FY09, FY10, & FY11 procurements will be met by procuring the missiles as All-Up-Rounds (AURs), which include the major components (safe and arming device, warhead, rocket motor, guidance section, and Target Detection Device (TDD)) required for the AUR missile configuration.

The estimated quantities (or other quantities as may be authorized and appropriated by Congress) of equipment to be procured during FY09, FY10, & FY11 are provided in the table below:

| <u>Equipment</u> | <u>FY09</u> | <u>FY10</u> | <u>FY11</u> |
|------------------|-------------|-------------|-------------|
| SM-6 Block I AUR | 20 | 28 | 62 |

It is recognized that award of the FY 2009, and, FY 2010 and FY 2011 options for SM-6 Block I missiles will not be authorized without LRIP approval by the Milestones Decision.

Additionally, FY09, FY10, & FY11 will include a LOE, Technical Instruction (TI) driven requirement for 50,000 hours of engineering services in support of Design Agent efforts. The above quantities are based on the President's Budget (PB) FY10.

Hardware deliveries for each fiscal year's requirements will commence twenty-four (24) months after contract award. For example, based on a September 2009 award, hardware procured in FY09 will commence delivery no later than September 2011 and delivery will be completed no later than August 2012.

The government's minimum needs have been verified by the certifying technical and requirements personnel.

Acquisition Plan Number PEO IWS 08-012 incorporates this effort. The total estimated value of this CJ&A is \$515.1 M. It is anticipated that the requirements will be funded as follows:

| Estimated Dollar Value (Millions) | | | | |
|-----------------------------------|-------------|-------------|-------------|--------------|
| | <u>FY09</u> | <u>FY10</u> | <u>FY11</u> | <u>Total</u> |
| WPN | \$115.3 | \$134.2 | \$245.6 | \$495.1 |
| OMN | | \$10 | \$10 | \$20 |
| | | | Total: | \$515.1 |

4. Statutory Authority Permitting Other Than Full and Open Competition

10 U.S.C. 2304 (c) (1). Only one responsible source and no other supplies or services will satisfy agency requirements.

5. Rationale Justifying Use of Cited Statutory Authority

In accordance with FAR 6.302-1(a) (2), full and open competition need not be provided when the supplies or services required by the agency are available from only one or a limited number of responsible sources, and no other type of supplies or services will satisfy agency requirements.

Previously, Hughes Missile Systems Company and Raytheon Company were the only qualified sources for production and development of the STANDARD Missile. In 1995, Hughes and Raytheon merged the STANDARD Missile portions of their businesses and created a new company, the STANDARD Missile Company (SMCo), to serve as the prime contractor for future STANDARD Missile requirements. In 1997, Raytheon purchased Hughes Missile Systems Company resulting in the formation of Raytheon Missile Systems (RMS). As a result, RMS is now the sole capable and qualified source to produce the STANDARD Missile. Raytheon is the only company that has at its disposal all the requisite design, production, and support capabilities to meet all of the Navy's requirements for the STANDARD Missile. All engineering expertise required to produce the STANDARD Missile resides within RMS.

These procurements are follow-on procurements as described in FAR 6.302-1 (a) (2) (ii) and (iii). RMS currently has a sole source contract for the FY08 SM-2 AUR requirements (N00024-08-C-5374) and the SM-6 Block I System Development and Demonstration Contract (N00024-04-C-5344). The Program Executive Office for Integrated Warfare Systems (PEO IWS) Major Program Manager Surface Ship Weapons (3.0) estimates that to qualify another producer would, at a minimum, require four years and cost approximately \$300M. This estimate was derived based on historical information of start-up costs for Raytheon when they became the second source (in addition to Hughes Missile Systems Company) for the STANDARD Missile. Consideration was given to the fact that a new source would require additional time for drawing, facility set-up, and to advance their workforce to the same level of familiarization with the STANDARD Missile Program and its production/manufacturing processes. Therefore, any effort to qualify a second source would be duplicative in nature and competing these efforts would interrupt the program schedule and cause a significant impact to delivery schedules.

6. Description of Efforts made to Solicit Offers from as Many Offerors as Practicable

These requirements were synopsisized via posting on the Federal Business Opportunities (FedBizOpps) and Navy Electronic Commerce Online (NECO) websites on 20 February 2009. No other potential sources expressed interest in this requirement. No additional market research was conducted because it is not practicable, for the reasons discussed in paragraph 5 above, for any company other than RMS to provide the required supplies and services in the required timeframe.

7. Determination of Fair and Reasonable Costs

The Contracting Officer has determined that the anticipated cost to the Government for the supplies/services covered by this CJ&A will be fair and reasonable.

8. Actions to Remove Barriers to Competition

For the reasons set forth in paragraph 5 above, the Naval Sea Systems Command has no plans at this time to compete future contracts for the types of supplies/services covered by this document. If another potential source emerges, the Naval Sea Systems Command will assess whether competition for future requirements is feasible. It is anticipated that during the LRIP production phase of the program, Raytheon will be required to design and build a portable All Up Round (AUR) BIT tester. When complete, the STANDARD Missile Program Office intends to consider an open competition for in-fleet testing and certification of the STANDARD Missile-6.

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TECHNICAL/REQUIREMENTS CERTIFICATION (FAR 6.303-2(b))

I certify that the facts and representations under my cognizance, which are included in this justification and its supporting data, including Acquisition Plan No. PEO IWS 08-012, except as noted herein, are complete and accurate to the best of my knowledge and belief.

TECHNICAL COGNIZANCE:

Signature _____ Name (Print) and Title (Code) Phone No. Date

REQUIREMENTS COGNIZANCE:

Signature _____ Name (Print) and Title (Code) Phone No. Date

LEGAL SUFFICIENCY REVIEW (NMCAG 5206.303(90))

I have determined this justification is legally sufficient.

Signature _____ Name (Print) and Title (Code) Phone No. Date

CONTRACTING OFFICER CERTIFICATION (FAR 6.303-2(a) (12)):

I certify that this justification is accurate and complete to the best of my knowledge and belief.

Signature _____ Name (Print) and Title (Code) Phone No. Date

APPROVAL BLOCK (FAR 6.304 for Approving Official)

Upon the basis of the above justification, I hereby approve, as Senior Procurement Executive of the Navy, the solicitation of the proposed procurement(s) described herein using other than full and open competition, pursuant to the authority of 10 U.S.C. 2304(c) (1).

ASSISTANT SECRETARY OF THE NAVY (RDA)

Signature _____ Name (Print) _____ Date 31 JUL 09